

**Summary for a fund reported as an Article 8**

Pursuant to EU regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). This fund promotes environmental and social characteristics through its investments but does not have sustainable investments as its objective.

**Fund: Handelsbanken Prime Balanced****No sustainable investment objective**

This fund promotes environmental and social characteristics but does not have sustainable investments as its objective. In promoting environmental and social characteristics, the fund takes into account the environment and climate, as well as human rights, employee rights and equal opportunity. In the promotion of environmental and social characteristics, the fund may also invest in sustainable investments, in accordance with the assessment method applied by the Management Company.

**Environmental or social characteristics of the financial product**

The fund promotes **environmental characteristics** through:

- Investments, by investing in other funds, in sustainable bonds or in companies (as well as bonds issued by companies) whose economic activities are considered to be contributing to an environmental objective under the Sustainable Development Goals in Agenda 2030 and/or activities aligned with the EU Taxonomy.
- Exclusion criteria for direct and indirect investments through funds, in companies or issuers with activities linked to fossil fuels and companies with verified violations of international norms and conventions related to environmental issues.
- Considering the principal adverse impacts on sustainable development linked to the environment and climate.

The fund promotes **social characteristics** through:

- Investments, by investing in other funds, in sustainable bonds or in companies (as well as bonds issued by companies) whose economic activities are considered to be contributing to a social objective under the Sustainable Development Goals in Agenda 2030.
- Exclusion criteria for direct and indirect investments through funds in companies or issuers with activities linked to controversial weapons, nuclear weapons, weapons and military equipment, alcohol, tobacco, cannabis, pornography and commercial gambling, as well as by excluding companies with verified violations of international norms and conventions related to human rights, employee rights or anti-corruption and anti-bribery.
- Considering principal adverse impacts on sustainability factors (PAI) linked to human rights, employee rights or anti-corruption and anti-bribery.
- Sustainability-focused selection of funds: The fund invests also in other funds. When selecting a fund, the environmental and social characteristics, as well as the fund manager's integration of sustainability risks into the investment process, are essential components in the selection process.

**Investment strategy**

The fund is an actively-managed mixed fund. The fund applies the following investment strategy to attain the environmental and social characteristics promoted by the fund:

*Sustainability analysis:* Sustainability analysis is an integral part of the portfolio management's investment analysis in which each investment is carefully analyzed based on relevant issues. For example, how the fund manager conducts its business, how fund management works with sustainability issues and integrates them into its portfolio construction are evaluated throughout the fund selection process.

*Dialogues and Asset Stewardship:* Active engagement is an essential strategy to influence companies in a more sustainable direction. The Management Company and the fund manager manage this through company dialogues, corporate governance work and work within investor networks. Company dialogues are conducted directly between the fund manager and the company, together with other investors or within the scope of investor networks and other collaborations. Through representation on nomination committees and voting at shareholders' meetings, the fund company conducts active and responsible asset stewardship.

Within the scope of the fund's investment strategy, the fund manager conducts a dialogue with external fund management companies to ensure that the underlying funds regularly meet the exclusion criteria imposed for the fund. The fund manager also evaluates the external management company's work related to dialogues and active corporate governance within the scope of the fund's evaluation process. Active engagement and corporate governance work through dialogue, voting at shareholders' meetings and representation in nomination committees are carried out within the scope of the underlying fund for investments in funds managed by Handelsbanken Fonder.

*Exclusion strategy:* The fund applies sustainability criteria in the form of an exclusion strategy. The strategy includes direct and indirect investments through funds in companies or issuers with production and distribution of controversial weapons, nuclear weapons, weapons and military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling, fossil fuels, as well as companies with verified violations of international norms and conventions related to human rights, the environment, employee rights or anti-corruption and anti-bribery.

**Proportion of investments**

The fund investments in funds and other financial instruments with exposure to equities, fixed income and alternative investments. The fund makes indirect investments in other financial instruments with exposure to equities, fixed income and alternative investments within

the scope of its investment focus.

The minimum proportion of the fund's investments used to attain the environmental or social characteristics promoted by the fund shall total 90.00%. The minimum proportion of sustainable investments shall total 20.00% of the fund's investments.

### Monitoring of environmental or social characteristics

The Management Company's risk control function monitors the environmental/social characteristics promoted by the fund on a daily basis to ensure compliance.

The following sustainability indicators are used to assess the environmental/social characteristics of the fund:

- *Sustainable investments*: Share of the fund's value that is invested directly as well as indirectly through funds, in sustainable bonds or in companies (as well as bonds issued by companies) considered to be contributing to an environmental or social objective pursuant to the Sustainable Development Goals in Agenda 2030 and/or the EU Taxonomy, at the same time as they do not significantly harm any other environmental or social objective and that the companies follow good governance practices. For investments in internal funds, a screening of the holdings in the fund investments will be conducted, based on the Management Company's definition of sustainable investments. For investments in external funds, a screening will be conducted, where possible, although the information regarding the share of sustainable investments and the definition of the same may be obtained from the external fund management company. Follow up is conducted by the Management Company's risk control function.
- *Carbon footprint*: Carbon footprint measured in the investee companies' greenhouse gas emissions Scope 1, 2 and 3 relative to the investee companies' enterprise value including cash (EVIC). Follow up is conducted by the Management Company's risk control function.
- *Greenhouse gas intensity*: The greenhouse gas intensity measured in the investee companies' greenhouse gas emissions Scope 1, 2 and 3 relative to the investee companies' revenues. Follow up is conducted by the Management Company's risk control function.
- *UN Global Compact (UNGC) principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises*: Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. Follow up is daily conducted by the Management Company's risk control function.
- *Fossil fuels*: The Management Company's risk control function conducts a daily follow-up to ensure that the revenue derived from fossil fuels by any of the investee companies does not exceed 5%. The proportion of investments in companies that are active within the fossil fuel sector is reported in the fund's annual report. Follow up is conducted by the Management Company's risk control function.

### Methodologies

The Management Company invests in both internal and external funds after completing due diligence (see below under the heading "Due diligence"). The Management Company regularly conducts a screening of all of the fund's underlying holdings to ensure that the sectors excluded by the fund and/or companies that violate international norms and conventions are not included in the underlying fund. In the event such a company is identified in an underlying fund, a dialogue regarding an action plan will be initiated with the fund manager.

### Data sources and processing

Information on the companies' exposure to excluded activities and incidents that lead to violations of international norms and conventions is obtained from external data providers. The external data providers gather information about the companies' exposure to excluded activities from public presentations made by the companies and/or through direct contact with the companies. Information about violations of international norms and conventions are obtained from ISS ESG. The Management Company's risk control function receives the data and carries out the ongoing control of the fund.

The Management Company conducts ongoing discussions with the external data providers to ensure high-quality data. Specific analyses are completed when there is contradictory information. In questionable situations, the company concerned is contacted to have the opportunity to provide their view on the situation.

### Limitations to methodologies and data

Information about the companies' exposure to excluded activities is limited to the information made available from companies themselves. Consequently, it is not always possible to ensure the exact exposure to these activities. The limitations are most prominent for companies with a smaller portion of the business involved in the excluded activities, such as a grocery store that also sells tobacco.

### Due diligence

The Management Company has established routines for due diligence to ensure that sustainability risks and the sustainability requirements specified for each fund are taken into account in the investment decisions. These routines differ depending on the focus of the asset management.

Within active allocation management, which invests in funds including the Management Company's own funds as well as funds from external service providers, an ODD (Operational Due Diligence) process and an IDD (Investment Due Diligence) process is completed for all of the service providers of products in which fund management invests. The sustainability efforts at the service provider and for the product (primarily funds) are evaluated in the ODD and IDD processes.

### Engagement policies

As a significant investor, the Management Company has a responsibility and an opportunity to engage with companies to act responsibly and conduct their business activities in a sustainable manner, in addition to promoting the development of the sustainability efforts in the asset management industry. The Management Company engages through company dialogues, corporate governance work and investor

networks. Our engagement efforts are based on Handelsbanken's core values, our commitments, as well as the international norms and conventions supported by the Management Company.